TEACHERS’ RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer | ITEM NUMBER: 15

ATTACHMENT(S): 3

ACTION: _____ | DATE OF MEETING: May 3, 2000

INFORMATION: X | PRESENTER(S): Patrick Mitchell

The following is a summary of the developments in the financial markets that have occurred between April 1, 2000 and April 18, 2000.

1. The yield on the 30-year U.S. Treasury bond has increased from 5.83% to 5.93%.

2. The market level of the S&P 500 Index has decreased from 1499 to 1401.

3. The U.S. dollar has been unchanged compared to the euro (at .95) and pound sterling (at 1.59) while strengthening compared to the yen (1.03 to 1.05).

4. The Federal Reserve Board of Governors will hold their next meeting on May 16, 2000. The Federal Reserve is expected to increase the targeted Federal Funds rate by ¼ of one percent to 6.25%.

5. After reaching an eight-year high of more than $34 per barrel on March 7th, the price of oil has started to decline closing below $24 on April 10th.

California State Teachers' Retirement System
Investment Summary
For the Period ended March 31, 2000

Investment Summary - Market Value (amounts in millions)

Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago	
Domestic Equity	$ 49,586	43.5%	$ 42,733	44.9%	$ 22,753	33.6%	$ 17,435	33.8%
International Equity	29,875	26.2%	20,621	21.7%	13,196	19.5%	5,752	11.1%
Fixed Income	26,520	23.2%	25,399	26.7%	24,671	36.5%	21,847	42.3%
Global Asset Allocators	N/A	N/A	1,247	1.3%	2,592	3.8%	1,741	3.4%
Private Equity	7,431	6.5%	4,484	4.7%	3,154	4.7%	2,159	4.2%
Liquidity	707	0.6%	735	0.8%	1,253	1.9%	2,724	5.3%
Total Market Value	$ 114,119	100.0%	$ 95,219	100.0%	$ 67,619	100.0%	$ 51,658	100.0%

Performance Returns for Major Asset Categories

Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity	7.43	14.48	23.61	26.65	25.13	18.20
Int'l Equity	2.56	23.08	31.89	16.32	14.49	N/A
Fixed Income	1.61	2.73	0.64	8.01	8.25	9.02
Real Estate	N/A	N/A	11.29	17.07	14.79	6.15
Alternative Investments	N/A	N/A	66.50	36.01	34.43	21.22
Liquidity	0.54	4.53	5.95	6.02	6.05	5.84
Total Fund	4.93	14.40	20.10	18.77	16.77	13.29
Indicies						
Domestic Equity Custom	7.83	13.52	22.28	27.04	25.91	18.49
MSCI AC ex US	3.76	23.13	28.87	15.60	12.50	9.70
Salomon LPF	1.78	2.82	0.79	7.42	7.90	8.93
Real Estate Custom	N/A	N/A	10.80	13.12	11.34	5.79
T-Bill	0.47	3.82	4.99	5.03	5.19	4.99
Consumer Price Index	0.83	2.97	3.71	2.27	2.48	2.89
Wilshire 5000	5.94	14.66	23.61	27.35	25.82	18.45
Russell 3000	7.83	13.52	22.28	27.04	25.89	18.60
MSCI EAFE	3.88	21.99	25.09	16.31	12.39	9.39
LB Gov / Corp	1.44	2.80	1.68	6.78	7.13	8.07

Allocations of Cash and Reallocations of Assets
(does not include changes in the market value)

	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	$ 290.7	$ 3,855.4
Less: Benefits & misc. payments	$ (570.1)	$ (3,941.4)
Investment Income	$ 255.6	$ 3,024.9
Total Cash Inflow	$ (23.8)	$ 2,938.9
Cash Allocation:		
Domestic Equity	$ 64.1	$ (2,409.3)
International Equity	$ (11.1)	$ 1,228.9
Fixed Income	$ 248.8	$ 2,556.3
Global Asset Allocators	$ -	$ (64.7)
Private Equity	$ 33.9	$ 1,731.8
Liquidity	$ (359.5)	$ (104.1)
Total Cash Allocation	$ (23.8)	$ 2,938.9

Asset Allocation Percentage

Assets	Actual	Target	Difference	Range
Public Equity	66.4%	63.0%	3.4%	57 - 69
Public Fixed Income	23.9%	27.0%	(3.1%)	23 - 32
Private Equity	9.7%	10.0%	(0.3%)	8 - 12
Total Investment Assets	100.0%	100.0%		

Which can be compared to the strategic targets .....

Assets	Actual	Target	Difference	Range
Active - Domestic Equity	8.2%	7.6%	0.6%	6 - 9
Passive - Domestic Equity	35.3%	30.4%	4.9%	29 - 41
Allocated Not Funded	-3.2%	0.0%	(3.2%)	
TOTAL DOMESTIC EQUITY	*40.3%*	*38.0%*	*2.3%*	*35 - 41*
Active - International Equity	10.8%	12.5%	(1.7%)	11 - 14
Passive -International Equity	15.4%	12.5%	2.9%	11 - 14
TOTAL NON-US EQUITY	*26.2%*	*25.0%*	*1.2%*	*22 - 28*
TOTAL PUBLIC EQUITY	***66.4%***	***63.0%***	***3.4%***	***57 - 69***
Real Estate	*2.7%*	*5.0%*	(2.3%)	
Alternative Investments	*3.8%*	*5.0%*	(1.2%)	
Allocated Not Funded	3.2%	0.0%	3.2%	
TOTAL PRIVATE EQUITY	***9.7%***	***10.0%***	***(0.3%)***	***8 - 12***
Passive - Domestic Fixed Income	22.2%	26.0%	(3.8%)	23 - 29
Active - Other Fixed Income	1.0%	0.0%	1.0%	
TOTAL FIXED INCOME	*23.2%*	*26.0%*	*(2.8%)*	*23 - 29*
Liquidity	0.6%	1.0%	(0.4%)	0 - 3
TOTAL FIXED & LIQUIDITY	***23.9%***	***27.0%***	***(3.1%)***	***23 - 32***
TOTAL INVESTMENT ASSETS	100.0%	100.0%		

California State Teachers' Retirement System
Off Balance Sheet Transactions
For the period ended March 31, 2000

Currency Hedging - Market Value (amounts in millions)						
Managers	**Pacific Basin**		**European**		**Total**	
Active International	$4,389.25	-4.5%	$ 6,966.25	0.0%	$11,355.50	-1.7%
Passive International	$5,366.70	-30.1%	$ 9,878.55	0.0%	$15,245.25	-10.6%

** Does not include emerging market securities, Canadian stocks, cash or accruals.*

Currency Realized Gains/(Losses) (amounts in millions)			
	Currency Realized Gains/(Losses)		
Managers	**1 Month**	**1 Year**	**Since Inception**
Active International	($0.67)	($17.71)	$74.26
Passive International	$11.53	($27.18)	$359.64

Securities Lending Income			
Asset	**Current Fiscal Year 7/99 - 03/00**	**vs.**	**Prior Fiscal Year 7/98 - 03/99**
Domestic Equity	$9,888,648		$9,195,972
International Equity	$20,802,336		$23,154,669
US Treasury	$10,822,795		$13,752,495
Other Fixed Income Securities	$572,202		$1,459,742
Total Income	$42,085,981		$47,562,878

Securities Lending (On-Loan/Collateral Summary)			
Asset	**Securities On-Loan**	**Collateral Valuation**	**Percent**
Domestic Equity	$3,244,505,905	$3,320,212,233	102%
International Equity	$6,924,130,101	$7,280,449,966	105%
US Treasury	$5,252,691,544	$5,346,645,662	102%
Other Fixed Income Securities	$263,255,178	$269,406,515	102%
Total Value	$15,684,582,727	$16,216,714,376	103%

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value 02/29/2000	Market %	Market Value 03/31/2000	Market %	Market Value Difference	% Diff.
Liquidity						
Cash Allocation	914,979,706		559,522,559		(355,457,147)	
US Cash Equitization	135,777,846		148,862,641		13,084,795	
Total Liquidity	1,050,757,552	0.96%	708,385,200	0.62%	(342,372,352)	(0.34%)
Domestic Equity						
Active						
Ariel Capital	251,470,834		285,530,354		34,059,521	
Bank of America	486,572,520		531,602,394		45,029,874	
BGI - Enhanced	502,840,609		550,803,745		47,963,137	
Brinson Partners	427,938,165		486,955,743		59,017,578	
Brown Capital Management	446,357,491		489,222,444		42,864,953	
Delaware Investment Adv	364,529,165		400,670,243		36,141,078	
Delphi Management, Inc	169,462,529		182,050,912		12,588,384	
Denver Investment Advisors	997,479,631		922,844,683		(74,634,948)	
DSI International Management	705,120,666		771,546,604		66,425,939	
First Quadrant	468,310,583		512,378,871		44,068,289	
Mellon Capital Management	625,375,875		686,534,054		61,158,180	
NCM Capital Management	722,467,079		753,340,192		30,873,114	
Putnam Investments	660,634,584		695,365,824		34,731,240	
Sasco Capital	479,188,632		547,615,416		68,426,784	
SSgA - Enhanced	693,494,895		761,197,607		67,702,712	
TCW Asset Manangement Co	889,621,975		771,376,378		(118,245,597)	
Passive						
BGI Extended Market Index	7,363,962,084		7,327,737,504		(36,224,580)	
BGI S&P 500 Index	15,962,131,080		17,523,230,238		1,561,099,158	
STRS S&P 500 Index	13,931,679,300		15,386,215,857		1,454,536,557	
Total Domestic Equity	46,148,637,695	42.30%	49,586,219,063	43.45%	3,437,581,368	1.15%
International Equity						
Active						
Bank of Ireland Asset Management	1,071,681,339		1,114,066,195		42,384,856	
Battery March Financial Mgmt Inc.	340,802,178		353,690,668		12,888,491	
Blackrock, Inc.	216,401,618		228,427,210		12,025,592	
Brinson Partners Non-USEQ	503,040,495		522,461,693		19,421,197	
Capital Guardian Trust	1,821,420,563		1,857,063,884		35,643,320	
Delaware Int'l Advisors Inc.	307,870,488		316,847,600		8,977,112	
Fidelity Management Co.	299,318,280		305,953,923		6,635,643	
Fiduciary Trust	947,690,595		949,640,009		1,949,414	
Lazard Freres	962,796,998		1,012,387,402		49,590,404	
Marvin & Palmer Assoc, Inc.	576,981,226		540,973,420		(36,007,807)	
Morgan Stanley	941,711,876		966,609,345		24,897,470	
Newport Pacific Mgmt	432,353,841		432,805,855		452,014	

California State Teachers' Retirement System
Monthly Investment Summary

	Market Value 02/29/2000	Market %	Market Value 03/31/2000	Market %	Market Value Difference	% Diff.
Nicholas-Applegate Capital Mgmt	596,179,853		561,216,284		(34,963,569)	
Oechsle International	1,356,843,884		1,329,186,205		(27,657,679)	
Schroder Capital	719,772,326		785,695,566		65,923,240	
Scudder, Stevens & Clark	1,008,707,533		1,047,769,592		39,062,059	
Passive						
BGI - Europe	9,883,350,644		10,009,515,859		126,165,215	
BGI - Pacific	5,192,069,984		5,562,910,181		370,840,197	
SSgA Emerging Market Index	1,964,962,112		1,977,533,724		12,571,613	
Transition						
STRS International	191,294		190,139		(1,155)	
Total International Equity	29,144,147,125	26.71%	29,874,944,754	26.18%	730,797,628	(0.53%)
Fixed Income						
Corporate Bond Index	8,124,402,461		8,178,902,923		54,500,462	
Mortgage Backed Security Index	8,172,835,840		8,219,515,412		46,679,572	
Mortgage Loan	458,815,604		451,082,645		(7,732,959)	
US Treasury & Agency Index	9,215,823,306		9,670,747,568		454,924,263	
Total Fixed Income	25,971,877,211	23.80%	26,520,248,549	23.24%	548,371,338	(0.57%)
Real Estate						
CB Richard Ellis	1,182,069,943		1,185,076,037		3,006,093	
Clarion Partners, LLC	90,384,551		90,387,097		2,546	
Heitman Capital Management	28,859,307		28,859,536		229	
Lend Lease	937,408,993		933,127,840		(4,281,152)	
MIG Realty Advisors	188,465,439		188,599,373		133,934	
Sentinel Realty Advisors	17,617,418		17,621,826		4,408	
Special Situations	455,837,888		390,624,844		(65,213,044)	
SSR Realty Advisors	216,756,458		262,331,530		45,575,073	
Total Real Estate	3,117,399,996	2.86%	3,096,628,084	2.71%	(20,771,913)	(0.14%)
Alternative Investments						
Limited Partnerships	3,672,038,239		4,332,515,710		660,477,471	
Total Alternative Investments	3,672,038,239	3.37%	4,332,515,710	3.80%	660,477,471	0.43%
Grand Total	109,104,857,819	100.00%	114,118,941,359	100.00%	5,014,083,540	

PLEASE NOTE:

All Figures Include Accruals
The Information contained in this report is UNAUDITED
Member Home Loan Securitization Principal Balance as of 3/31/2000 is $127,304,970
The Internally Managed Cash Collateral Portfolio is NOT included above.
The Net Asset Value as of 3/31/2000 is $ 2,891,294,095

California State Teachers' Retirement System
Internal S&P 500 Indexed Portfolio Performance

The California State Teachers' Retirement System's internal S&P 500 indexed portfolio (Portfolio) was $15,386,215,857 as of March 31, 2000. The performance objective of the Portfolio is to closely track the return of the S&P 500 Index. Table 1 compares the portfolio's performance with the returns of the index. The portfolio's return for the past 12 months was 18.027% while the index return was 0.094% (9.4 basis points) lower at 17.933%.

Table 1: S&P 500 Performance

Period	Portfolio Total Return	Index Total Return	Variance
3/31/98 – 12/31/98	12.892	12.975	-0.083
12/31/98 – 12/31/99	21.111	20.987	+0.124
12/31/99 – 3/31/00	2.287	2.294	-0.007
1 Year	18.027	17.933	+0.094

Portfolio return calculated by State Street Bank Analytics.